

Message Text

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ACTION L-03

INFO OCT-01 ARA-16 ADP-00 EB-11 SS-15 H-03 NSC-10 CIEP-02

TRSE-00 OMB-01 PA-03 PRS-01 USIA-15 CIAE-00 INR-10

NSAE-00 RSC-01 SCEM-02 INT-08 AF-10 NEA-10 EUR-25

RSR-01 /148 W

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R 101050Z AUG 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9086

INFO AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L BRASILIA 5090

E.O. 11652: GDS

TAGS: ENRG, LY, BR

SUBJECT: PETROLEUM: BUNKER HUNT NATIONALIZATION

REF: STATE 146383

1. WE HAVE RECEIVED FOLLOWING REPORT FROM CONGEN RIO.

2 QUOTE. CONGEN OFF DISCUSSED REF SUBJECT WITH BP AND BH BRAZILIAN LAWYER JOSE NABUCO AND WITH BRITISH CONGEN PETROLEUM OFFICER. NABUCO, IN RESPONSE TO GENERAL QUESTION, CLAIMED BH LEGAL REPRESENTATIVE IN U.S. BETTER SUITED THAN HE TO PROVIDE INFORMATION ON BH'S LEGAL SUIT IN BRAZIL. IN RESPONSE TO SPECIFIC INQUIRY, HOWEVER, HE STATED THAT FEDERAL ATTORNEY GENERAL HAD INITIATED PETITION TO MOVE CASE FROM GUANABARA STATE COURT TO FEDERAL COURT. STATE COURT JUDGE WILL DECIDE ON THIS PETITION AT UNSPECIFIED FUTURE TIME, BUT ONLY AFTER SUTDYING BH COUNTER-BRIEF THAT HAS NOT YET BEEN REQUESTED BY OR SUBMITTED TO STATE COURT. NABUCO ASSERTED HE WOULD APPEAL IF JUDGE DECIDES SHIFT CASE TO FEDERAL JURISDICTION.

3. BRITISH CONGEN OFFICER HAS ATTEMPTED FOLLOW ISSUE CLOSELY.

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HE ASSERTED THAT GOB, SERIOUSLY CONCERNED ABOUT ITS ENERGY

REQUIREMENTS, WILL LIKELY SEEK INFLUENCE JUDICIAL PROCESS.
HE ALSO CLAIMED BP, WHICH EXPECTS LONG AND POSSIBLY INDECISIVE
JUDICIAL PROCESS, CONFIRMED BRAZILIAN PRESS REPORTS THAT
PETROBRAS HAS SIGNED TEN-YEAR PURCHASE CONTRACT FOR LIBYAN OIL.
COMPANY BELIEVES, HOWEVER, LEGAL PROCESS WILL AT LEAST WARN
OTHER POTENTIAL BUYERS OF PROBLEMS THEY WOULD ENCOUNTER SHOULD
THEY PURCHASE OIL FROM NATIONALIZED LIBYAN FIELDS.

4. BRITISH CONGEN OFFICER STATED THAT WHEN HIS CHARGE MADE
DEMARCHE AT ITAMARTI, HE WAS ASKED WHAT ALTERNATIVE OIL SOURCE
BRITISH WOULD PROVIDE SHOULD BRAZIL DESIST FROM BUYING
LIBYAN OIL. BRITISH CHARGE REPORTEDLY REPLIED THAT BRITAIN
COULD OFFER NO ALTERNATIVE SUPPLY. IN POINT OF FACT, PRIOR
TO MAKING DEMARCHE, BRITISH HAD CONSIDERED AND DISCARDED
IDEA OF FACILITATING SUCH AN ALTERNATIVE SUPPLY. END QUOTE.

CRIMMINS

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